

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 AGRE-00 SP-02 ICA-20 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 L-03 H-02 /106 W
-----001641 291007Z /12

P 290750Z AUG 78

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 1679

UNCLAS SECTION 1 OF 2 KINSHASA 9318

PASS USDA/OGSM FROM AG ATTACHE

E.O. 11652: N/A

TAGS: EAGR, CG, TOFAS 48

SUBJECT: OPERATIONAL REPORTING CABLE - FY 78 ZAIRIAN TITLE I PROGRAM

.

REF: A) STATE 204444 DTD 12 AUG 78

B) KINSHASA 3617 DTD 14 APR 78

C) KINSHASA 6028 DTD 9 JUNE 78

D) KINSHASA 5284 DTD 24 MAY 78

E) STATE 288697 DTD 3 DEC 78

F) STATE 292687 DTD 8 DEC 78

G) STATE 214759 DTD 24 AUG 78

H) KINSHASA 8955

1. USERS OF COMMODITIES AND KEY GOZ OFFICIALS HAVE INDICATED FOLLOWI
NG

TYPES, GRADES, AND DELIVERY PERIODS ARE DESIRED. WE HAVE FORMALLY AS
KED

GOZ TO INFORM US IF THE FOLLOWING REFLECTS THEIR VIEWS. WE PLAN TO
MEET WEDNESDAY, AUGUST 30, WITH THE MINISTERIES OF PLAN AND NATIONAL
ECONOMY, THE CENTRAL BANK, AND THE ZAIRE MARITIME COMPANY (CMZ). DO
YOU HAVE POINTS YOU WOULD LIKE TO BE TAKEN UP IN THIS MEETING?

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2. TYPES AND GRADES:

A) WHEAT - DARK NORTHERN SPRING OR NORTHERN SPRING WITH A
MINIMUM OF 14 PERCENT PROTEIN IN BULK. BOTH ARE EQUALLY ACCEPTABLE.
FOB OFFERING PRICE SHOULD BE DECIDING FACTOR.

B) COTTON - 1 1/16" STRICT MIDDLING TO FULL STRICT MIDDLING,
MICRONAIRE 3.6 TO 4.2, PRESSLEY STRENGTH MINIMUM 78.

C) RICE - US NO. 5 OB MILLED, NOT MORE THAN 5 PERCENT BROKEN,
LONG GRAIN, IN BAGS.

3. GRADES AND APPROXIMATE QUANTITIES OF TOBACCO ARE AS FOLLOWS:

A) TABAZAIRE	M.T.
DARK FIRED PBL/77/L	250
BURLEY BFD/76/L	250
FLUE CURED E8S/77/S	110
RMR/76/L	90
	700 TONS
B) BAT ZAIRE	
DARK FIRE CURED HTLF X5M	220
DARK AIR CURED GTR/OST S5R/X5G	90
	310 TONS

BAT WANTS BOTH GRADES IN BUNDLED LEAF FORM.

4. DELIVERY SCHECULES:

A) WHEAT - FIVE SHIPMENTS OF APPROXIMATELY 10,000 M.T. EACH, TO
BE COORDINATED WITH ARRIVAL EC AND CANADIAN AID WHEAT. SOME WHEAT
SHOUDL BEGIN TO ARRIVE MID-SEPTEMBER. MILL CAN USE UP TO 13,500 M.T.

PER MONTH. SEE PARAGRAPH 9(A).

B) COTTON - AS SOON AS POSSIBLE.

C) TOBACCO - AS SOON AS POSSIBLE.

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D) RICE - OCTOBER, NOVEMBER, DECEMBER

5. BANKS REMAIN SAME AS REPORTED REF (B).

6. COUNTRY TEAM CAN NOT GIVE "ASSURANCE THAT APPROPRIATE GOZ
AUTHORITIES ARE PREPARED TO MAKE IMMEDIATE TRANSFER OF FUNDS." WE
BELIEVE THAT THE CENTRAL BANK WILL MAKE FUNDS AVAILABLE. THERE
HAVE BEEN A NUMBER OF TECHNICAL PROBLEMS IN TRANSFERRING FUNDS
BETWEEN BANKS, BUT STEPS HAVE BEEN TAKEN TO AVOID PROBLEMS UNDER THE
FY 1978 PROGRAM.

7. GOZ AUTHORITIES ALSO REMINDED OPERATIONAL CONSIDERATIONS
REF (F) AND REF (E) PARA 7 (5) AND ASSURANCES GIVEN REF (E) PARA 7 C.

8. EMBASSY UNABLE TO DETERMINE IF PURCHASING AGENT WILL BE USED BUT
ST. JOHNS HAS BEEN MENTIONED. PERHAPS DEPARTMENT OF STATE CAN HELP
BY CONTACTING ZAIRE EMBASSY IN WASHINGTON. WE TRYING IMPART SENSE
OF URGENCY TO GOZ THAT THEY MUST REQUEST PURCHASE AUTHORIZATIONS BE
ISSUED BY SEPTEMBER 30.

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9. FOLLOWING IS UPDATE BELLMON REQUIREMENT:

A) WHEAT - ONLY LARGE COMMERCIAL WHEAT MILL IN ZAIRE IS AT PORT
OF MATADI. MAXIMUM OPERATING CAPACITY IS 450 M.T./DAY OR 13,500 M.T.
PER MONTH BUT NORMAL RATE ABOUT 12,000 M.T. PER MONTH DEPENDING ON
AVAILABILITY WHEAT. SOTRAGE CAPACITY AT MILL IS 14,000 M.T.
CONTRARY TO INFORMATION CONTAINED REF #, MILL PRESENTLY
HAS IN STORAGE ONLY 3,490 M.T. INCLUDING ONLY 1,418 M.T. LIGHTERED FROM

SHIP (REF H). THIS SHIP STILL CONTAINS 8,040 M.T. WHICH WILL NOT BE
UNLOADED UNTIL CONTINENTAL GRAIN RECEIVES ADDITIONAL \$0.5 MILLION.
THIS WILL BRING TOTAL SUPPLIES NOW ON HAND TO 12,530 M.T. WE UNDER-
STAND CANADA HAS PLEDGED 1,400 M.T. WHEAT AND 1,360 M.T. FLOUR
WHICH WAS SUPPOSED TO ARRIVE AUGUST BUT DID NOT AND MAY ARRIVE
END OF SEPTEMBER. EC PLEDGED 10,000 M.T. CORN FOR SHIPMENT CY 1978
AND 10,000 M.T. WHEAT FOR SHIPMENT CY 1979. NO OTHER WHEAT KNOWN
TO BE IN PIPELINE. CANADIAN WHEAT AND FLOUR PLUS WHEAT ON HAND WOULD

BE ENOUGH TO LAST UNTIL ABOUT END SEPTEMBER AT PRESENT MILLING
RATE OF 450 M.T./DAY. WE HAVE SUGGESTED TO GOZ THAT ARRIVAL EC AND
CANADIAN WHEAT BE COORDINATED WITH ARRIVAL U.S. PL 480.

B) DRAFT AT UNLOADING DOCK ONLY 21.5 FEET. UNLOADING (VACREATOR)
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CAPACITY 1,500 M.T. PER 24-HOUR PERIOD.

C) THERE IS NO LIKELIHOOD OF FLOUR SUPPLIES BACKING UP ONCE WHEAT IS MILLED. FLOUR IS SOLD AS SOON AS MILLED AND DEMAND SAID TO BE GREATER THAN 12,000 M.T./MONTH.

D) GOZ WOULD PREFER MORE PL 480 RICE RATHER THAN MORE WHEAT AS RICE IS CONSIDERED AS SUPERIOR FOOD. BREAD, HOWEVER, IS VERY POPULAR AND IS PRICED COMPETITIVE WITH MANIOC WHEN MANIOC IN SHORT SUPPLY.

E) DOMESTIC WHEAT PRODUCTION ABOUT 2,000 M.T. PROVISION PL 480 WHEAT WILL NOT RESULT IN SUBSTANTIAL DISINCENTIVE TO DOMESTIC PRODUCTION WHEAT OR COMPETING CROPS.

F) RICE - ARRIVAL PL 480 RICE ALMOST CERTAIN TO OVERLAP ARRIVAL DOMESTIC HARVEST WHICH REACHES KINSHASA MARKET ABOUT NOV-DEC. RICE NOW IN VERY SHORT SUPPLY AND WE SUGGEST, IF POSSIBLE, THAT SOME RICE ALREADY ON SEA BE DIVERTED TO ARRIVE EARLIEST DATE POSSIBLE. FOOD CRUNCH IS GROWING AND FOOD URGENTLY NEEDED.

G) 1978 RICE CROP FORECAST AT 150,000 M.T. MILLED BASIS AND IMPORTS AT 15,000 M.T. THIS PROVIDES ONLY 6.5 KILOGRAMS PER PERSON PER YEAR SO PL 48 RICE WILL NOT RESULT IN SUBSTANTIAL DISINCENTIVE TO DOMESTIC PRODUCTION. WE WILL SUGGEST TO GOZ, HOWEVER, THAT SOME PL 480 RICE BE DISTRIBUTED LATE IN SUPPLY PERIOD OF OCTOBER 1978 - JANUARY 1979 SO AS TO MORE EVENLY DISTRIBUTE ANNUAL SUPPLY. ADEQUATE STORAGE FACILITIES ARE AVAILABLE.

H) COTTON - DOMESTIC COTTON NEEDS FOR THE FIVE MILLS OPERATING IN ZAIRE ARE ESTIMATED AT 20,000 M.T. ANNUALLY. DOMESTIC 1978 CROP IS ESTIMATED AT 8,000 M.T. SO 2,000 M.T. (10,000 BALES) PL 480 COTTON PLUS DOMESTIC CROP WOULD TOTAL ONLY 10,000 M.T. OR ONE HALF DOMESTIC MILL NEEDS. THIS WOULD PROVIDE 0.4 KILOGRAMS PER CAPITA, COMPARED WITH ANNUAL WORLD PER CAPITA CONSUMPTION OF ABOUT FOUR KILOGRAMS. SOME TEXTILES IMPORTED AND SOME EXPORTED BUT THIS MOSTLY ILLEGAL TRADE AND NO COMPLETE STATISTICS AVAILABLE.

I) THUS, U.S. PL 480 COTTON WILL NOT RESULT IN SUBSTANTIAL DISINCENTIVE TO DOMESTIC PRODUCTION. HOWEVER, WE BELIEVE GOZ SHOULD UNCLASSIFIED

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BE ENCOURAGED TO BUY COTTON FROM DOMESTIC PRODUCERS. ZAIRE WAS AT ONE TIME AN EXPORTER OF COTTON. ZAIRE FARMERS ARE WILLING TO PRODUCE

COTTON AND COTTON, BEING A STORABLE COMMODITY, WOULD PROVIDE THEM A CASH INCOME. HOWEVER, THERE IS NO WAY TO GET THE COTTON TO MARKET. WE BELIEVE A LONG-TERM WILLINGNESS OF THE U.S. GOVERNMENT TO SUPPLY COTTON UNDER PL 480 COULD BECOME A DISINCENTIVE TO DOMESTIC PRODUCTION

AND THE GOZ SHOULD THEREFORE BE INFORMED EVEN NOW THAT PL 480 COTTON,

LIKE TOBACCO, WILL BE PHASED OUT OVER TIME. WE BELIEVE THIS WOULD BE CONSISTENT WITH THE BELLMON AMENDMENT AND WOULD BE IN THE BEST INTEREST OF THE ZAIRE COTTON FARMER.

J) TOBACCO - IS MOSTLY PRODUCED BY VERY SMALL PRODUCERS WITH ONLY 1/4 TO 1/2 ACRE EACH. SALES OF CIGARETTES CONTAINING PL 480 TOBACCO ARE USED TO FINANCE EXPANSION DOMESTIC CROP. SO PL 480 PROBABLY HAS BENEFICIAL RATHER THAN DISINCENTIVE EFFECT ON

DOMESTIC PRODUCTION AND ALSO PREVENTS SMUGGLING OF GOOD QUALITY
FOREIGN CIGARETTES INTO ZAIRE. TOBACCO IS IMPORTANT SOURCE CASH
INCOME FOR SMALL FARMERS SINCE IT IS BOUGHT BY TWO FIRMS WHO MUST
HAVE TOBACCO WHILE OTHER CROPS FREQUENTLY NOT PURCHASED FROM FARMER
AS RESULT POOR MARKETING FACILITIES.
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